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16 June 1959

MEMORANDUM FOR: Chief, Intelligence Information Staff

ATTENTION : [REDACTED] 25X1A9a

THROUGH : Chief, D/S

FROM : Chief, E/ID

SUBJECT : Contribution to the OCI Periodic Requirements List (FOL) for Western Europe, 1 August - 30 November 1959.

AUSTRIAEast-West Trade

1. Austrian traders operating clandestinely through Switzerland and Yugoslavia have become much more active during recent months in supplying numerous US origin materials to the USSR and Communist China. Significant diversions or attempted diversions reported during this period include US jeeps, aircraft equipment and mining gear. It is believed likely that many of the traders are, at least, informally connected through ownership or control of trading firms. Their use of Swiss and Yugoslav "fronts" appears to be designed to mask larger operations by the firms concerned, and to cloak the actual destination of the shipments. (C)

a. Indicate any recent information which indicates increased use of Austria for transit of clandestine shipments to the Bloc. Identify the firms and individuals involved in such trade. Provide reasons for the increased activity of Austrian East-West traders. (C)

b. Identify foreign firms used to cloak illegal operations by Austrian traders (e.g. EMB. Minax Trust, Vaduz, Liechtenstein.) Report any illegal transactions involving such firms in detail. (C)

c. Establish relationships between Austrian East-West traders, especially if a single firm or individual can be identified as controlling the operations of others. (C)

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BELOUSE

East-West Trade

1. A diversion by an unnamed Belgian intermediary of 400 US Army jeeps from Korea through Yugoslavia for eventual shipment to Russia was reported in April 1959. A second 350 jeep shipment was contemplated. This is the fifth report involving the diversion of hundreds of jeeps through Yugoslavia. Bernard and David Lieberman of Paris and Brussels respectively, both of whom have connections in Belgium, have been associated with previous diversion reports concerning jeeps and spare parts, as has the firm Tolexport, Vaduz, reportedly owned by each of the Liebermans on different occasions. (S)

a. Report any information which may relate to the above diversion or to past diversions of jeeps, including the identities of the Belgian trader, his Korean source of supply and his Yugoslav consignee, shipping and financing details, etc. (S)

FRANCE

East-West Trade

1. Considerable evidence has been established through current investigations that the Paris firms Societe Francaise Radio-electrique (SFR) and Telecommunications Radioelectriques et Telephoniques (TRT) have shipped embargoed communications equipment to the Bloc. One source alleges that SFR in late 1958 successfully effected illegal shipments to Poland of strategic microwave link equipment under the guise of non-embargoed television equipment. (C)

2. More recently, it was reportedly that Compagnie Generale de Telegraphie Sans Fil (CGSF), the parent firm of SFR, has a government approved licensing arrangement with the USSR and is currently making radio equipment and microwave link equipment for the USSR. It may be that the French Government has approved a special licensing arrangement for CGSF in order to facilitate deliveries to the USSR of radio and television equipment provided for in the current trade agreement. However, if this is a blanket-type approval covering such shipments, it would appear that an arrangement of this type also may facilitate the illegal export of embargoed equipment by that company to the Bloc. (C)

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a. Provide information on illegal or suspect shipments of microwave equipment or other embargoed type telecommunications or electronic equipment to the Sino-Soviet Bloc by SFR, YRT and CSF. (C)

b. Provide clarifying details of the reported licensing arrangement between CSF and the USSR, including information as to whether this is a blanket-type coverage for shipments to the USSR under the current trade agreement. (C)

ITALY

East-West Trade

1. Diversion of Italian origin borax to the Soviet Bloc has been under extensive investigation recently. In view of the enforcement activities of US, Italian, and Swedish officials, diverters may be forced to develop new techniques or possibly new sources of supply. Recent information concerning shipments of borax from the firm Lardarello, Italy's largest exporter of borax, indicates the development of a new large-scale diversion pattern via Syria and/or Spain to the Bloc. (C)

a. Provide all available background concerning new plans or operations by trading firms, including the above-mentioned diversion pattern via Syria and/or Spain, as well as the identity of all firms and individuals involved, the routing and transportation facilities used, and the methods utilized for evading Italian or Western countries' security trade controls. (C)

LUXEMBOURG

East-West Trade

1. The firm, Societe Generale pour le Commerce de Produits Industriels (SOGERCO), Luxembourg, has apparently been negotiating with a West Berlin firm for the delivery of Turkish borax to East Germany. These activities have increased as a result of a recently frustrated diversion of 6,700 tons of borax. The Mintex firm of Istanbul, representing one of Turkey's largest producers of borax, has indicated that they have a customer (unnamed) in Luxembourg for a large quantity of borax. Mintex has reportedly been involved in an attempted diversion of 5,000 tons of borax to Czechoslovakia. Since Marco Schaeffer of SOGERCO is, or was, on friendly relations with the Czechs, it is possible that his firm is involved in the latter attempt also. (2)

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a. Identify SOGECO's Turkish suppliers and their contemplated Bloc consumers. If either of the transactions (i.e. with East Germany or Czechoslovakia) should be consummated, provide all details concerning the negotiations, terms, participants and shipment(s). (S)

SPAIN

East-West Trade 25X1X701.

1. Only recently, [REDACTED] was approached by a trader who indicated that he would like to smuggle strategic US materials into Spain through the intercession of a Spanish Army General. This procedure is almost identical with one alleged by Swiss East-West traders to be the basis for shipments believed to have been diverted to Communist China. The Swiss diversionists and the above mentioned trader both claim that the arrangement is made necessary by Spanish prohibitions against certain imports. (C)

a. Comment on any Spanish regulations which might be responsible for such smuggling and on the possibility of high ranking Spanish military personnel becoming involved in such schemes. Determine whether equipment so shipped actually remains in Spain or is on-forwarded. If re-exported, determine the actual destination and provide all details of the transactions and shipments. (C)

2. Shipments of Italian boron have been exported from the Lardarello firm in Italy to Spain in quantities exceeding Spanish ability to consume them. (C)

- a. Determine the disposition of these shipments. (C)
- b. Identify Spanish consignees and their customers. (C)
- c. Provide details of the transactions. (C)

SWITZERLAND

East-West Trade

1. The Turkish exporter, Hacemettin Yakal, and the West German intermediary, George Tavlarios, involved in the recently

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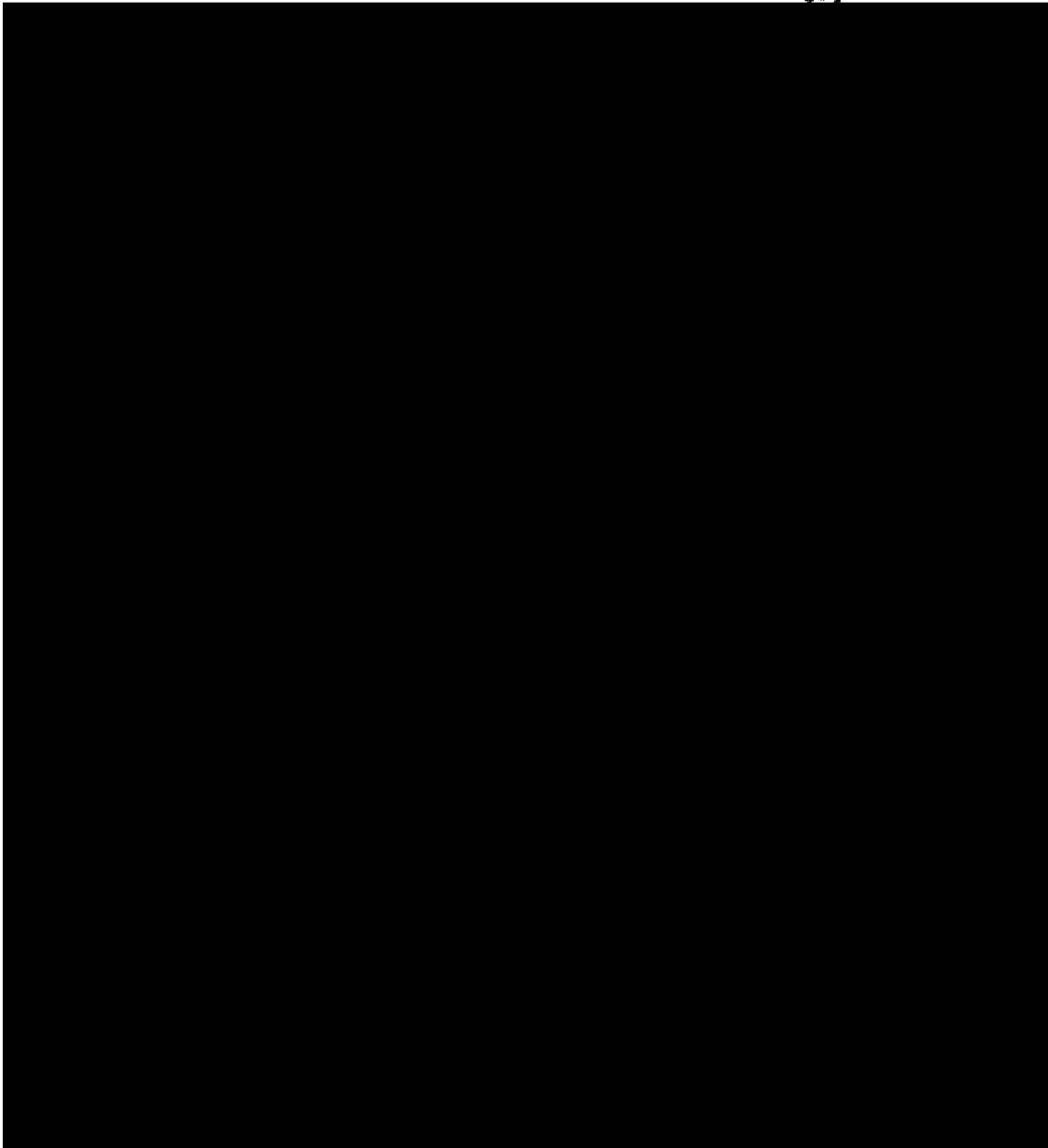
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frustrated diversion of Turkish borax have both reportedly traveled to Switzerland recently. The Greek government, still in possession of the seized borax, has received inquiries from three Swiss chemical firms, Hoffman - La Roche, Geigy A.G. and CIBA A.G. (S)

a. Determine whether the visits of Yakal and Tavlarion involved the seized borax or other planned diversions. Provide details of their activities in Switzerland. (S)

b. Are the Swiss chemical firms attempting to purchase the chemicals on behalf of any of the principals of the frustrated diversion or for bloc customers? (C)

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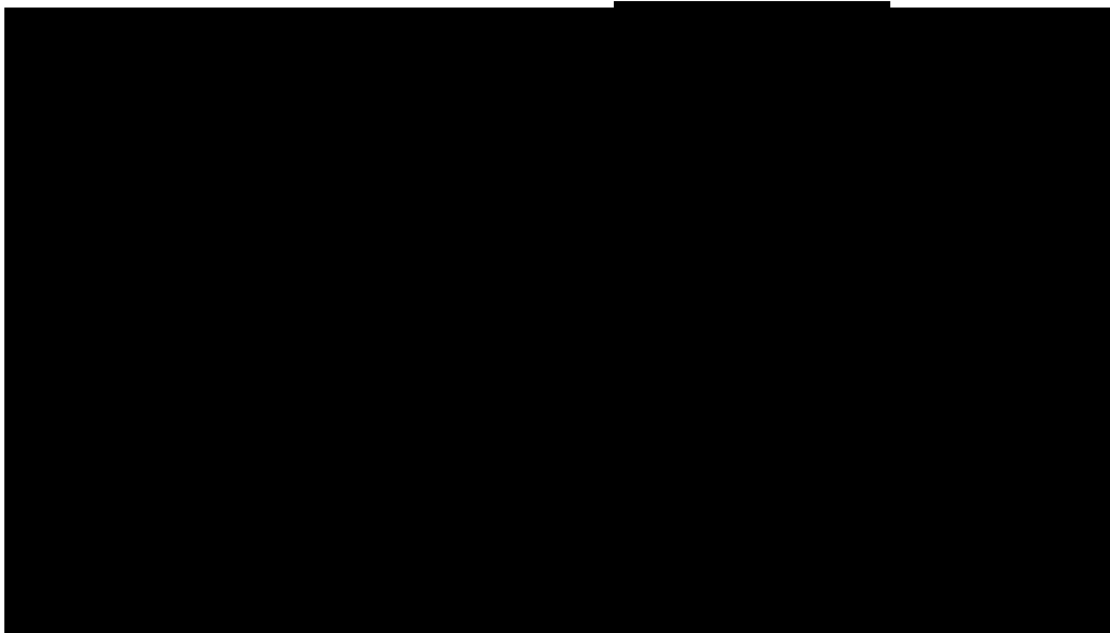
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Distribution:

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1 - D/S

1 - S/TD

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✓ 1 - Requirements file

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RR/S/TD:ME,CT:fs/8428 (19 June 1959)

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